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**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**Notice of Two-Year Extension of TRICARE Co-Pay Waiver at Captain James A. Lovell  
Federal Health Care Center Demonstration Project**

**AGENCY:** Office of the Secretary, Department of Defense.

**ACTION:** Notice of Two-Year Extension of TRICARE Co-Pay Waiver at Captain James A. Lovell Federal Health Care Center Demonstration Project.

**SUMMARY:** This notice is to advise interested parties of a two-year extension of a demonstration project entitled “TRICARE Co-Pay Waiver at Captain James A. Lovell Federal Health Care Center (FHCC) Demonstration Project.” The original waiver notice was published on September 27, 2010 (75 FR 59237-59238).

**DATES: Effective Date:** This two-year extension will be effective from October 1, 2016 to September 30, 2018.

**FOR FURTHER INFORMATION CONTACT:** Mr. Michael Bouchard, Director, DoD/VA Program Coordination Office, Defense Health Agency, Telephone 703-275-6300.

**SUPPLEMENTARY INFORMATION:**

**A. Background:** For additional information on the TRICARE co-pay waiver demonstration at the Captain James A. Lovell Federal Health Care Center (FHCC) demonstration project, please see 75 FR 59237-59238. Under this demonstration, there would be no deductibles, cost shares, or co-pays for eligible beneficiaries seeking care at the FHCC, under the authority of 10 U.S.C. 1092(a)(1)(B). The original demonstration notice explained that the co-pay waiver demonstration would be used to determine if increased utilization at FHCC actually occurred as a

result of eliminated co-payments, which would in turn influence decisions regarding financial integration at future Department of Defense (DoD)/Department of Veterans Affairs (VA) models of this nature. A report on the demonstration project concluded that utilization increased at FHCC during the time of the co-pay waiver demonstration project. Admission and encounter utilization data from 2010 to 2014 shows that DoD utilization of FHCC increased by 10,295. This demonstration is integral to the success of the integration effort at FHCC; without it, FHCC would see a marked reduction in DoD beneficiaries.

**B. Description of Extension of Demonstration Project:** Under this demonstration, DoD has waived TRICARE co-payments for DoD beneficiaries seen at the FHCC. The National Defense Authorization Act (NDAA) for fiscal year (FY) 2010 Section 1701 requires a report to Congress evaluating the exercise of authorities in that title at FHCC. That report was delivered on July 26, 2016, and recommends continuation of the FHCC demonstration project. If Congress agrees, it is likely Congress will clarify that access to care under section 1705 should apply to the entire joint facility and not be limited to the DoD assets within the facility. If so, that will negate the requirement for further extensions to the TRICARE co-pay waiver demonstration project beyond FY17.

In order to allow seamless continuation of services to DoD beneficiaries at FHCC, the TRICARE co-pay waiver is extended through September 30, 2018. This waiver applies to all inpatient, outpatient, and ancillary services, and all outpatient prescription drugs provided at FHCC. This waiver is consistent with current policies and procedures followed at all military treatment facilities. According to an Independent Government Cost Estimate (IGCE), the estimated two-year impact for the co-pay waiver in FY2017 and FY2018 is \$246,499.

**C. Evaluation:** An independent evaluation was performed and determined that without this waiver, DoD beneficiary utilization of the FHCC in North Chicago would have significantly decreased. Since DoD and VA have recommended to Congress to continue the demonstration project, a permanent solution regarding DoD beneficiary co-pays is expected to be in place for FY18 and will ensure that DoD beneficiaries are not levied cost shares, as FHCC represents the former Naval Hospital Great Lakes.

Dated: September 28, 2016.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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